



General Assembly

January Session, 2005

***Raised Bill No. 6895***

LCO No. 4274

\*04274\_\_\_\_\_PS\_\*

Referred to Committee on Public Safety and Security

Introduced by:  
(PS )

***AN ACT TRANSFERRING JURISDICTION OVER THE STATE  
LOTTERY FROM THE CONNECTICUT LOTTERY CORPORATION TO  
THE DIVISION OF SPECIAL REVENUE.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1       Section 1. (NEW) (*Effective October 1, 2005*) (a) The executive director  
2       of the Division of Special Revenue, with the advice and consent of the  
3       Gaming Policy Board, shall determine the number of times a lottery  
4       shall be held in each year and the form and price of the tickets therefor  
5       and shall award prizes to winning participants, determined in a  
6       manner designated by the executive director. The proceeds from the  
7       sale of tickets shall be deposited in the lottery fund from which prizes  
8       shall be paid, upon vouchers signed by the executive director, or by  
9       either of two persons designated and authorized by the executive  
10      director, in such numbers and amounts as the executive director  
11      determines.

12      (b) The executive director, with the advice and consent of the board,  
13      shall conduct special instant lottery games. The proceeds of the sale of  
14      instant lottery game tickets shall be deposited in the lottery fund from  
15      which prizes shall be paid in the manner specified in subsection (a) of

16 this section.

17 (c) The executive director, with the advice and consent of the board,  
18 shall conduct daily lottery games. The proceeds of the sale of daily  
19 lottery game tickets shall be deposited in the lottery fund from which  
20 prizes shall be paid in the manner specified in subsection (a) of this  
21 section.

22 (d) The executive director, with the advice and consent of the board,  
23 may enter into agreements with one or more states or territories of the  
24 United States for the promotion and operation of joint lottery games  
25 including, but not limited to, Powerball and to continue to participate  
26 in any joint lottery game in which the Connecticut Lottery Corporation  
27 participated on July 1, 2003, regardless of whether any government-  
28 authorized lottery operated outside the United States participates in  
29 such game.

30 (e) From time to time the executive director shall estimate, and  
31 certify to the Comptroller, that portion of the balance in the lottery  
32 fund which exceeds the current needs of the division for the payment  
33 of prizes and for the payment of compensation under subsections (a),  
34 (c) and (d) of section 12-569 of the general statutes, as amended by this  
35 act. Upon receipt of any such certification, the amount so certified shall  
36 be transferred from the lottery fund to the General Fund.

37 Sec. 2. (NEW) (*Effective October 1, 2005*) (a) In each advertisement  
38 intended to promote the purchase of lottery tickets issued for games  
39 authorized under section 1 of this act, the Division of Special Revenue  
40 shall include a prominent and clear statement of the chances of  
41 winning per lottery ticket.

42 (b) The provisions of subsection (a) shall apply only to (1)  
43 advertisements in newspapers, magazines, brochures and on posters,  
44 and (2) television and radio advertisements thirty seconds or longer for  
45 one game.

46       Sec. 3. Subsection (l) of section 1-79 of the general statutes is  
47       repealed and the following is substituted in lieu thereof (*Effective*  
48       *October 1, 2005*):

49       (l) "Quasi-public agency" means the Connecticut Development  
50       Authority, Connecticut Innovations, Incorporated, Connecticut Health  
51       and Education Facilities Authority, Connecticut Higher Education  
52       Supplemental Loan Authority, Connecticut Housing Finance  
53       Authority, Connecticut Housing Authority, Connecticut Resources  
54       Recovery Authority, Connecticut Hazardous Waste Management  
55       Service, Lower Fairfield County Convention Center Authority [,] and  
56       Capital City Economic Development Authority. [and Connecticut  
57       Lottery Corporation.]

58       Sec. 4. Section 1-120 of the general statutes is repealed and the  
59       following is substituted in lieu thereof (*Effective October 1, 2005*):

60       As used in sections 1-120 to 1-123, inclusive:

61       (1) "Quasi-public agency" means the Connecticut Development  
62       Authority, Connecticut Innovations, Incorporated, Connecticut Health  
63       and Educational Facilities Authority, Connecticut Higher Education  
64       Supplemental Loan Authority, Connecticut Housing Finance  
65       Authority, Connecticut Housing Authority, Connecticut Resources  
66       Recovery Authority, Connecticut Hazardous Waste Management  
67       Service [,] and Capital City Economic Development Authority. [and  
68       Connecticut Lottery Corporation.]

69       (2) "Procedure" means each statement, by a quasi-public agency, of  
70       general applicability, without regard to its designation, that  
71       implements, interprets or prescribes law or policy, or describes the  
72       organization or procedure of any such agency. The term includes the  
73       amendment or repeal of a prior regulation, but does not include,  
74       unless otherwise provided by any provision of the general statutes, (A)  
75       statements concerning only the internal management of any agency  
76       and not affecting procedures available to the public, and (B) intra-

77 agency memoranda.

78 (3) "Proposed procedure" means a proposal by a quasi-public  
79 agency under the provisions of section 1-121, as amended by this act,  
80 for a new procedure or for a change in, addition to or repeal of an  
81 existing procedure.

82 Sec. 5. Section 1-121 of the general statutes is repealed and the  
83 following is substituted in lieu thereof (*Effective October 1, 2005*):

84 (a) A quasi-public agency, before adopting a proposed procedure,  
85 shall give at least thirty days' notice by publication in the Connecticut  
86 Law Journal of its intended action. The notice shall include (1) either a  
87 statement of the terms or of the substance of the proposed procedure  
88 or a description sufficiently detailed so as to apprise persons likely to  
89 be affected of the issues and subjects involved in the proposed  
90 procedure, (2) a statement of the purposes for which the procedure is  
91 proposed, and (3) when, where and how interested persons may  
92 present their views on the proposed procedure. A quasi-public agency  
93 may only adopt a proposed procedure by a two-thirds vote of the full  
94 membership of the board of directors of the quasi-public agency.

95 (b) If a quasi-public agency finds that an imminent peril to the  
96 public health, safety or welfare requires adoption of a proposed  
97 procedure upon fewer than thirty days' notice, states in writing its  
98 reasons for such finding and the agency's board of directors, by a  
99 three-fourths vote of the statutory membership, approves the finding  
100 in writing, the agency may proceed, without prior notice or hearing or  
101 upon any abbreviated notice and hearing that it finds practicable, to  
102 adopt an emergency proposed procedure not later than ten days,  
103 excluding Saturdays, Sundays and holidays, prior to the proposed  
104 effective date of the proposed procedure. An approved emergency  
105 procedure may be effective for a period of not more than one hundred  
106 twenty days and renewable once for a period of not more than sixty  
107 days. If the necessary steps to adopt a permanent procedure, including  
108 publication of notice of intent to adopt, are not completed prior to the

109 expiration date of an emergency procedure, the emergency procedure  
110 shall cease to be effective on that date.

111 [(c) The provisions of subsections (a) and (b) of this section shall not  
112 apply to the Connecticut Lottery Corporation, established pursuant to  
113 section 12-802, prior to July 1, 1997.]

114 Sec. 6. Section 1-125 of the general statutes is repealed and the  
115 following is substituted in lieu thereof (*Effective October 1, 2005*):

116 The directors, officers and employees of the Connecticut  
117 Development Authority, Connecticut Innovations, Incorporated,  
118 Connecticut Higher Education Supplemental Loan Authority,  
119 Connecticut Housing Finance Authority, Connecticut Housing  
120 Authority, Connecticut Resources Recovery Authority, including ad  
121 hoc members of the Connecticut Resources Recovery Authority,  
122 Connecticut Health and Educational Facilities Authority [,] and Capital  
123 City Economic Development Authority [and Connecticut Lottery  
124 Corporation] and any person executing the bonds or notes of the  
125 agency shall not be liable personally on such bonds or notes or be  
126 subject to any personal liability or accountability by reason of the  
127 issuance thereof, nor shall any director or employee of the agency,  
128 including ad hoc members of the Connecticut Resources Recovery  
129 Authority, be personally liable for damage or injury, not wanton,  
130 reckless, wilful or malicious, caused in the performance of his or her  
131 duties and within the scope of his or her employment or appointment  
132 as such director, officer or employee, including ad hoc members of the  
133 Connecticut Resources Recovery Authority. The agency shall protect,  
134 save harmless and indemnify its directors, officers or employees,  
135 including ad hoc members of the Connecticut Resources Recovery  
136 Authority, from financial loss and expense, including legal fees and  
137 costs, if any, arising out of any claim, demand, suit or judgment by  
138 reason of alleged negligence or alleged deprivation of any person's  
139 civil rights or any other act or omission resulting in damage or injury,  
140 if the director, officer or employee, including ad hoc members of the

141 Connecticut Resources Recovery Authority, is found to have been  
142 acting in the discharge of his or her duties or within the scope of his or  
143 her employment and such act or omission is found not to have been  
144 wanton, reckless, wilful or malicious.

145 Sec. 7. Section 12-557e of the general statutes is repealed and the  
146 following is substituted in lieu thereof (*Effective October 1, 2005*):

147 The Gaming Policy Board shall work in cooperation with the  
148 Division of Special Revenue to implement and administer the  
149 provisions of this chapter, [chapters] chapter 226b [and 229a] and  
150 sections 7-169 to 7-186, inclusive. In carrying out its duties the board  
151 shall be responsible for: (1) Approving, suspending or revoking  
152 licenses issued under subsection (a) of section 12-574; (2) approving  
153 contracts for facilities, goods, components or services necessary to  
154 carry out the provisions of section 1 of this act and section 12-572; (3)  
155 setting racing and jai alai meeting dates, except that the board may  
156 delegate to the executive director the authority for setting make-up  
157 performance dates within the period of a meeting set by the board; (4)  
158 imposing fines on licensees under subsection (j) of section 12-574; (5)  
159 approving the types of pari-mutuel betting to be permitted; (6)  
160 advising the executive director concerning the conduct of the state  
161 lotteries and off-track betting facilities; (7) assisting the executive  
162 director in developing regulations to carry out the provisions of this  
163 chapter, [chapters] chapter 226b [and 229a] and sections 7-169 to 7-186,  
164 inclusive, and approving such regulations prior to their adoption; (8)  
165 hearing all appeals taken under subsection (k) of section 7-169,  
166 subsection (h) of section 7-169h, subsection (c) of section 7-181 [,] and  
167 subsection (j) of section 12-574; [and section 12-802b;] and (9) advising  
168 the Governor on state-wide plans and goals for legalized gambling.

169 Sec. 8. Section 12-563 of the general statutes is repealed and the  
170 following is substituted in lieu thereof (*Effective October 1, 2005*):

171 All regulations of the division shall be adopted in the manner  
172 provided in chapter 54. The executive director shall, at least annually,

173 on or before December thirty-first of each year, publish in convenient  
174 pamphlet form all regulations then in force and shall furnish copies of  
175 such pamphlets to every establishment authorized to engage in the  
176 activities authorized under section 12-567, as amended by this act, to  
177 every agent licensed under section 12-569, as amended by this act, and  
178 to such other persons as desire such pamphlets.

179 Sec. 9. Section 12-566 of the general statutes is repealed and the  
180 following is substituted in lieu thereof (*Effective October 1, 2005*):

181 (a) The executive director and the board shall provide books in  
182 which shall be kept a true, faithful and correct record of all of their  
183 proceedings, which books shall be open to the public as provided in  
184 section 1-210.

185 (b) A new lottery game and the procedures for such game, until the  
186 game is publicly announced by the division, and any serial number of  
187 an unclaimed lottery or pari-mutuel ticket shall not be deemed to be  
188 public records, as defined in section 1-200, and shall not be available to  
189 the public under the provisions of section 1-210. The executive director  
190 shall submit a fiscal note prepared by the division with respect to the  
191 procedures for a new lottery game to the joint standing committee of  
192 the General Assembly having cognizance of matters relating to finance,  
193 revenue and bonding at the time the executive director submits such  
194 procedure to the board for its consideration.

195 Sec. 10. Section 12-567 of the general statutes is repealed and the  
196 following is substituted in lieu thereof (*Effective October 1, 2005*):

197 Notwithstanding the provisions of section 4-8 the executive director,  
198 with the advice and consent of the board, shall establish within the  
199 division such organizational units as he deems necessary for the  
200 effective operation of the division. Such units shall be responsible for  
201 the following functions: Division administration, licensing and  
202 integrity assurance, planning and research, gambling regulation, and  
203 state off-track betting and state lottery [regulation] administration.

204 Each unit shall be under the direction of a unit head who shall  
205 administer and coordinate the operation of his respective unit. The  
206 division shall maintain full and complete records of the operation of  
207 each unit which shall be open to the public as provided in section 1-  
208 210. The executive director shall establish procedures for record  
209 keeping.

210 Sec. 11. Section 12-568a of the general statutes is repealed and the  
211 following is substituted in lieu thereof (*Effective October 1, 2005*):

212 The Division of Special Revenue shall adopt regulations, in  
213 accordance with chapter 54, for the purpose of assuring the integrity of  
214 the state lottery. [, concerning the regulation of the state lottery under  
215 the operation and management of the Connecticut Lottery  
216 Corporation.] Such regulations shall include: (1) The licensing of  
217 [employees of the Connecticut Lottery Corporation and] any person or  
218 business organization awarded the primary contract by said  
219 corporation to provide facilities, components, goods or services which  
220 are necessary for the operation of the activities authorized by [chapter  
221 229a; (2) the approval of procedures of the corporation; (3) the time  
222 period for complying with the regulations governing said approval of  
223 procedures; (4)] chapter 226; (2) offerings of lottery games; [(5)] (3)  
224 minimum prize payouts and payments; [(6)] (4) regulation of lottery  
225 sales agents including qualifications for licensure and license  
226 suspension and revocation; [(7)] (5) assurance of the integrity of the  
227 state lottery including the computer gaming system, computer internal  
228 control and system testing; and [(8)] (6) limitations on advertising and  
229 marketing content to assure public information as to the odds of  
230 winning the lottery and the prohibition of sales of tickets to minors.

231 Sec. 12. Section 12-569 of the general statutes is repealed and the  
232 following is substituted in lieu thereof (*Effective October 1, 2005*):

233 [If the president of the Connecticut Lottery Corporation determines  
234 that any lottery sales agent has breached his fiduciary responsibility to  
235 the corporation in that the account of such lottery sales agent with



236 respect to moneys received from the sale of lottery tickets has become  
237 delinquent in accordance with regulations adopted as provided in  
238 section 12-568a, the president shall notify the executive director of the  
239 breach of fiduciary duty and the executive director shall impose a  
240 delinquency assessment upon such account equal to ten per cent of the  
241 amount due or ten dollars, whichever amount is greater, plus interest  
242 at the rate of one and one-half per cent of such amount for each month  
243 or fraction of a month from the date such amount is due to the date of  
244 payment. Subject to the provisions of section 12-3a, the executive  
245 director may waive all or part of the penalties provided under this  
246 subsection when it is proven to his satisfaction that the failure to pay  
247 such moneys to the state within the time allowed was due to  
248 reasonable cause and was not intentional or due to neglect. Any such  
249 delinquent lottery sales agent shall be notified of such delinquency  
250 assessment and shall be afforded an opportunity to contest the validity  
251 and amount of such assessment before the executive director who is  
252 hereby authorized to conduct such hearing. Upon request of the  
253 president of the Connecticut Lottery Corporation, the executive  
254 director may prepare and sign a warrant directed to any state marshal,  
255 constable or any collection agent employed by the Connecticut Lottery  
256 Corporation for distraint upon any property of such delinquent lottery  
257 sales agent within the state, whether personal or real property. An  
258 itemized bill shall be attached thereto certified by the executive  
259 director as a true statement of the amount due from such lottery sales  
260 agent. Such warrant shall have the same force and effect as an  
261 execution issued in accordance with chapter 906. Such warrant shall be  
262 levied on any real, personal, tangible or intangible property of such  
263 agent and sale made pursuant to such warrant in the same manner and  
264 with the same force and effect as a levy and sale pursuant to an  
265 execution. The executive director, with the advice and consent of the  
266 board, shall adopt regulations in accordance with chapter 54 to carry  
267 out the purposes of this section.]

268 (a) The division may sell lottery tickets at its main office and at any  
269 of its branch offices or off-track betting facilities and may license as

270 agents to sell such tickets such person as, in its opinion, will best serve  
271 public convenience, except that no license shall be issued to any person  
272 to engage in business exclusively as a lottery sales agent. The executive  
273 director may authorize compensation to such agents in such manner  
274 and amounts and subject to such limitations as the executive director  
275 may determine if he or she finds such compensation is necessary to  
276 assure adequate availability of lottery tickets, provided, if such agent is  
277 a lessee of state property and his or her rental fee is based upon the  
278 gross receipts of his or her business conducted thereon, all receipts  
279 from the sale of such lottery tickets shall be excluded from such gross  
280 receipts for rental purposes. No ticket shall be sold at a price greater  
281 than that fixed by the executive director, with the advice and consent  
282 of the board, and no sale shall be made other than by a licensed lottery  
283 sales agent or such agent's designated employee. Any person who  
284 violates the provisions of this subsection shall be guilty of a class A  
285 misdemeanor.

286 (b) All moneys received by lottery sales agents from the sale of  
287 lottery tickets constitute property of the state while in such agent's  
288 possession and shall be held in trust for the state by such agents. The  
289 executive director shall require lottery sales agents to deposit in a  
290 special or suspense account in the name of the division, to the credit of  
291 the division, which the executive director is authorized to establish, in  
292 institutions designated by the executive director which are legal for the  
293 deposit of state funds under section 4-33, all moneys received by such  
294 agents from the sale of lottery tickets, less the amount of  
295 compensation, if any, authorized under subsection (a) of this section,  
296 and to file with the division reports of their receipts and transactions in  
297 the sale of lottery tickets in such form and containing such information  
298 as the executive director may require. If the executive director  
299 determines that any lottery sales agent has breached his or her  
300 fiduciary responsibility to the state in that the account of such lottery  
301 sales agent with respect to moneys received from the sale of lottery  
302 tickets has become delinquent in accordance with regulations adopted  
303 as provided in this subsection, the executive director shall impose a

304 delinquency assessment upon such account equal to ten per cent of the  
305 amount due or ten dollars, whichever amount is greater, plus interest  
306 at the rate of one and one-half per cent of such amount for each month  
307 or fraction of a month from the date such amount is due to the date of  
308 payment. Subject to the provisions of section 12-3a, the executive  
309 director may waive all or part of the penalties provided under this  
310 subsection when it is proven to the executive director's satisfaction that  
311 the failure to pay such moneys to the state within the time allowed was  
312 due to reasonable cause and was not intentional or due to neglect. Any  
313 such delinquent lottery sales agent shall be notified of such  
314 delinquency assessment and shall be afforded an opportunity to  
315 contest the validity and amount of such assessment before the  
316 executive director who is hereby authorized to conduct such hearing.  
317 Thereafter, the executive director is authorized to designate or employ  
318 collection agents to collect such delinquent amounts. The executive  
319 director may prepare and sign a warrant directed to any sheriff,  
320 deputy sheriff, constable or any such collection agent for distraint  
321 upon any property of such delinquent lottery sales agent within the  
322 state, whether personal or real property. An itemized bill shall be  
323 attached thereto certified by the executive director as a true statement  
324 of the amount due from such lottery sales agent. Such warrant shall  
325 have the same force and effect as an execution issued in accordance  
326 with chapter 906. Such warrant shall be levied on any real, personal,  
327 tangible or intangible property of such agent and sale made pursuant  
328 to such warrant in the same manner and with the same force and effect  
329 as a levy and sale pursuant to an execution. The executive director,  
330 with the advice and consent of the board, shall adopt regulations, in  
331 accordance with chapter 54, to carry out the purposes of this  
332 subsection.

333 (c) The executive director may authorize compensation to such  
334 depositories in such manner and amounts and subject to such  
335 limitation as the executive director may determine. The depositories  
336 referred to in subsection (b) of this section shall transfer the deposits  
337 made pursuant to subsection (b) of this section less any compensation

338 for the services rendered by the depositories to the division, and less  
339 any amounts due the agents or depositories by adjustments authorized  
340 by the executive director because of agent or bank errors, to the  
341 treasury account of the state of Connecticut, pursuant to section 4-32.  
342 The depositories shall file reports of their receipt and transactions  
343 pursuant to this section with the division in such form and containing  
344 such information as the executive director may require.

345 (d) The executive director may authorize compensation to claim  
346 centers in such manner and amounts and subject to such limitation as  
347 the executive director may determine.

348 Sec. 13. Subsection (d) of section 12-574 of the general statutes is  
349 repealed and the following is substituted in lieu thereof (*Effective*  
350 *October 1, 2005*):

351 (d) No person or business organization awarded the primary  
352 contract by the state or by an association licensee to provide facilities,  
353 components, goods or services which are necessary for the operation of  
354 the activities authorized by the provisions of section 1 of this act and  
355 section 12-572 may do so unless such person or business organization  
356 is licensed as a vendor licensee by the executive director.

357 Sec. 14. Subsection (e) of section 12-707 of the general statutes is  
358 repealed and the following is substituted in lieu thereof (*Effective*  
359 *October 1, 2005*):

360 (e) As used in this section:

361 (1) "Employer" means an employer, as defined in Section 3401 of the  
362 Internal Revenue Code;

363 (2) "Payer" means a person making a payment of nonpayroll  
364 amounts to one or more payees;

365 (3) "Payee" means a person receiving a payment of nonpayroll  
366 amounts from a payer;

367 (4) "Nonpayroll amounts" includes (A) gambling winnings, other  
368 than Connecticut lottery winnings, that are paid to a resident, or to a  
369 person receiving payment on behalf of a resident, and that are subject  
370 to federal income tax withholding; (B) Connecticut lottery winnings  
371 that are required to be reported by the [Connecticut Lottery  
372 Corporation] executive director of the Division of Special Revenue to  
373 the Internal Revenue Service, whether or not subject to federal income  
374 tax withholding, whether paid to a resident, nonresident or a part-year  
375 resident, and whether paid to an individual, trust or estate; (C) pension  
376 and annuity distributions, where the recipient is a resident individual  
377 and has requested that tax be deducted and withheld under this  
378 chapter; (D) military retired pay, where the payee is a resident  
379 individual and has requested that tax be deducted and withheld under  
380 this chapter; (E) unemployment compensation, where the recipient has  
381 requested that tax be deducted and withheld under this chapter; and  
382 (F) payments made to an athlete or entertainer, where the payments  
383 are not wages for federal income tax withholding purposes and where  
384 the commissioner requires the payer to deduct and withhold tax under  
385 this chapter;

386 (5) "Reported liability" means, in the case of an employer, the  
387 liability for the tax required to be deducted and withheld under this  
388 chapter, as shown on the employer's withholding tax returns for the  
389 four quarterly periods within the twelve-month look-back period, and,  
390 in the case of a payer, the liability for the tax required to be deducted  
391 and withheld under this chapter, as shown on the payer's withholding  
392 tax return for the look-back calendar year;

393 (6) "Twelve-month look-back period" means the twelve-month  
394 period that ended on the June thirtieth next preceding the calendar  
395 year for which the annual determination for an employer is made by  
396 the commissioner;

397 (7) "Look-back calendar year" means the calendar year preceding by  
398 two years the calendar year for which the annual determination for a

399 payer is made by the commissioner;

400 (8) "Seasonal employer" means an employer that regularly in the  
401 same one or more quarterly periods of each calendar year pays no  
402 wages to employees;

403 (9) "Household employee" means an employee whose services of a  
404 household nature in or about a private home of an employer constitute  
405 domestic service in a private home of the employer, as the phrase is  
406 used in Section 3121(a)(7) of the Internal Revenue Code or in  
407 regulations adopted thereunder;

408 (10) "Household employer" means an employer of a household  
409 employee;

410 (11) "Weekly period" means the seven-day period beginning on a  
411 Saturday and ending on the following Friday; and

412 (12) "Quarterly period" means the period of three full months  
413 beginning on the first day of January, April, July or October.

414 Sec. 15. Subsection (b) of section 12-711 of the general statutes is  
415 repealed and the following is substituted in lieu thereof (*Effective*  
416 *October 1, 2005*):

417 (b) (1) Items of income, gain, loss and deduction derived from or  
418 connected with sources within this state shall be those items  
419 attributable to: (A) The ownership or disposition of any interest in real  
420 or tangible personal property in this state; (B) a business, trade,  
421 profession or occupation carried on in this state; (C) in the case of a  
422 shareholder of an S corporation, the ownership of shares issued by  
423 such corporation, to the extent determined under section 12-712; or (D)  
424 winnings from a wager placed in a lottery conducted by the  
425 [Connecticut Lottery Corporation] executive director of the Division of  
426 Special Revenue, if the proceeds from such wager are required, under  
427 the Internal Revenue Code or regulations adopted thereunder, to be  
428 reported by [the Connecticut Lottery Corporation] said executive

429 director to the Internal Revenue Service.

430 (2) Income from intangible personal property, including annuities,  
 431 dividends, interest and gains from the disposition of intangible  
 432 personal property, shall constitute income derived from sources within  
 433 this state only to the extent that such income is from (A) property  
 434 employed in a business, trade, profession or occupation carried on in  
 435 this state, or (B) winnings from a wager placed in a lottery conducted  
 436 by the [Connecticut Lottery Corporation] executive director of the  
 437 Division of Special Revenue, if the proceeds from such wager are  
 438 required, under the Internal Revenue Code or regulations adopted  
 439 thereunder, to be reported by [the Connecticut Lottery Corporation]  
 440 said executive director to the Internal Revenue Service.

441 (3) Deductions with respect to capital losses and net operating losses  
 442 shall be based solely on income, gain, loss and deduction derived from  
 443 or connected with sources within this state, under regulations adopted  
 444 by the commissioner, but otherwise shall be determined in the same  
 445 manner as the corresponding federal deductions.

446 (4) Income directly or indirectly derived by an athlete, entertainer or  
 447 performing artist from closed-circuit and cable television transmissions  
 448 of an event, other than events occurring on a regularly scheduled basis,  
 449 taking place within this state as a result of the rendition of services by  
 450 such athlete, entertainer or performing artist shall constitute income  
 451 derived from or connected with sources within this state only to the  
 452 extent that such transmissions were received or exhibited within this  
 453 state.

454 Sec. 16. Subsection (b) of section 17a-713 of the general statutes is  
 455 repealed and the following is substituted in lieu thereof (*Effective*  
 456 *October 1, 2005*):

457 (b) The program established by subsection (a) of this section shall be  
 458 funded by imposition of: (1) A fee of one hundred thirty-five dollars on  
 459 each association license, for each performance of jai alai or dog racing

460 conducted under the provisions of chapter 226, provided no such  
 461 licensee shall contribute more than forty-five thousand dollars in any  
 462 one year; and (2) a fee of twenty-five dollars for each teletheater  
 463 performance on each operator of a teletheater facility. [; and (3) the  
 464 amount received from the Connecticut Lottery Corporation pursuant  
 465 to section 12-818.] The executive director of the Division of Special  
 466 Revenue within the Department of Revenue Services shall collect the  
 467 fee from each association licensee or such operator on a monthly basis.  
 468 The receipts shall be deposited in the General Fund and credited to a  
 469 separate, nonlapsing chronic gamblers treatment and rehabilitation  
 470 account which shall be established by the Comptroller. All moneys in  
 471 the account are deemed to be appropriated and shall be expended for  
 472 the purposes established in subsection (a) of this section.

473 Sec. 17. Subsection (c) of section 52-362d of the general statutes is  
 474 repealed and the following is substituted in lieu thereof (*Effective*  
 475 *October 1, 2005*):

476 (c) When any person redeems a winning lottery ticket worth five  
 477 thousand dollars or more at the [central] main office of the  
 478 [Connecticut Lottery Corporation, the Connecticut Lottery  
 479 Corporation] Division of Special Revenue, the division shall check the  
 480 name and other identifying information of such person against a list of  
 481 obligors supplied by the Commissioner of Social Services. If such  
 482 person is included on the list of obligors, the [Connecticut Lottery  
 483 Corporation] division shall request confirmation from the  
 484 Commissioner of Social Services that such person is in fact an obligor,  
 485 and upon notification by the Commissioner of Social Services that  
 486 money is due from any such person as a result of a claim for support  
 487 which has been assigned to the state pursuant to section 17b-77, or is to  
 488 be paid to the state acting by and through the IV-D agency, the  
 489 [Connecticut Lottery Corporation] division shall withhold from any  
 490 lottery winnings payable to such person under the provisions of  
 491 chapter 226 [or chapter 229a] the amount of such claim for support  
 492 owed to an individual for any portion of support which has not been



493 assigned to the state and then the amount of such claim for support  
494 owed to the state, provided the [Connecticut Lottery Corporation]  
495 division shall notify such person that (1) lottery winnings have been  
496 withheld as a result of the amount due for such support, and (2) such  
497 person has the right to a hearing before a hearing officer designated by  
498 the Commissioner of Social Services if such person contests the amount  
499 of the alleged claim for support. The [Connecticut Lottery Corporation]  
500 division shall pay any such person in accordance with any decisions of  
501 the hearing officer or the court upon appeal of the hearing officer's  
502 decision.

503       Sec. 18. Section 52-367c of the general statutes is repealed and the  
504 following is substituted in lieu thereof (*Effective October 1, 2005*):

505       (a) Notwithstanding any other provision of the general statutes, on  
506 application of a judgment creditor or [his] such creditor's attorney,  
507 stating that a judgment remains unsatisfied and the amount due  
508 thereon, and subject to the expiration of any stay of enforcement and  
509 expiration of any right of appeal, the clerk of the court in which the  
510 money judgment was rendered shall issue an execution against any  
511 winnings of the judgment debtor pursuant to chapter 226, [or 229a,] as  
512 the case may be. The execution shall be directed to (1) the State  
513 Comptroller who shall withhold any order of the State Treasurer, or (2)  
514 the [president of the Connecticut Lottery Corporation] executive  
515 director of the Division of Special Revenue, as the case may be, for  
516 payment due from winnings pursuant to chapter 226 [or 229a] to such  
517 judgment debtor until the judgment is satisfied.

518       (b) The [Connecticut Lottery Corporation] executive director of the  
519 Division of Special Revenue may establish a reasonable fee for any  
520 administrative expenses associated with executions made pursuant to  
521 subsection (a) of this section, including the cost to the [Connecticut  
522 Lottery Corporation] division of any fee that may be imposed by the  
523 clerk of the court. The amount of the fee shall reflect the direct and  
524 indirect costs of processing the executions by said [corporation]

525 division.

526       Sec. 19. Subsection (j) of section 42a-9-406 of the general statutes is  
527 repealed and the following is substituted in lieu thereof (*Effective*  
528 *October 1, 2005*):

529       (j) (1) This section does not apply to:

530       (A) An assignment of a health-care-insurance receivable;

531       (B) An assignment or transfer of or creation of a security interest in:

532       (i) A claim or right to receive compensation for injuries or sickness  
533 as described in 26 USC 104(a)(1) or (2), as amended from time to time,  
534 or

535       (ii) A claim or right to receive benefits under a special needs trust as  
536 described in 42 USC 1396p(d)(4), as amended from time to time.

537       (2) Subsection (f) of this section does not apply to an assignment or  
538 transfer of, or the creation, attachment, perfection or enforcement of a  
539 security interest in, a right the transfer of which is prohibited or  
540 restricted by any of the following statutes to the extent that the statute  
541 is inconsistent with said subsection: Section [12-831,] 31-320 or 52-225f.

542       Sec. 20. Subsection (f) of section 42a-9-408 of the general statutes is  
543 repealed and the following is substituted in lieu thereof (*Effective*  
544 *October 1, 2005*):

545       (f) (1) This section does not apply to an assignment or transfer of, or  
546 the creation, attachment or perfection of a security interest in:

547       (A) A claim or right to receive compensation for injuries or sickness  
548 as described in 26 USC 104(a)(1) or (2), as amended from time to time,  
549 or

550       (B) A claim or right to receive benefits under a special needs trust as  
551 described in 42 USC 1396p(d)(4), as amended from time to time.

552 (2) Subsection (c) of this section does not apply to an assignment or  
 553 transfer of, or the creation, attachment or perfection of a security  
 554 interest in, a right the transfer of which is prohibited or restricted by  
 555 any of the following statutes to the extent that the statute is  
 556 inconsistent with said subsection: Section [12-831,] 31-320 or 52-225f.

557 Sec. 21. Sections 12-800 to 12-834, inclusive, of the general statutes  
 558 are repealed. (*Effective October 1, 2005*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2005</i>	New section
Sec. 2	<i>October 1, 2005</i>	New section
Sec. 3	<i>October 1, 2005</i>	1-79(l)
Sec. 4	<i>October 1, 2005</i>	1-120
Sec. 5	<i>October 1, 2005</i>	1-121
Sec. 6	<i>October 1, 2005</i>	1-125
Sec. 7	<i>October 1, 2005</i>	12-557e
Sec. 8	<i>October 1, 2005</i>	12-563
Sec. 9	<i>October 1, 2005</i>	12-566
Sec. 10	<i>October 1, 2005</i>	12-567
Sec. 11	<i>October 1, 2005</i>	12-568a
Sec. 12	<i>October 1, 2005</i>	12-569
Sec. 13	<i>October 1, 2005</i>	12-574(d)
Sec. 14	<i>October 1, 2005</i>	12-707(e)
Sec. 15	<i>October 1, 2005</i>	12-711(b)
Sec. 16	<i>October 1, 2005</i>	17a-713(b)
Sec. 17	<i>October 1, 2005</i>	52-362d(c)
Sec. 18	<i>October 1, 2005</i>	52-367c
Sec. 19	<i>October 1, 2005</i>	42a-9-406(j)
Sec. 20	<i>October 1, 2005</i>	42a-9-408(f)
Sec. 21	<i>October 1, 2005</i>	12-800 to 12-834 repealed

***Statement of Purpose:***

To transfer jurisdiction over the state lottery from the Connecticut Lottery Corporation to the Division of Special Revenue and to eliminate all statutory references to said corporation.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*